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6 **IN THE UNITED STATES DISTRICT COURT**
7 **FOR THE DISTRICT OF ARIZONA**

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9 Beadcrete USA Incorporated,
10 Plaintiff,
11 v.
12 Beadcrete Pty Limited,
13 Defendant.

No. CV-19-04916-PHX-JJT

ORDER

15 At issue is Plaintiff Beadcrete USA Inc.’s (“BUSA”) and Third-Party Defendants
16 (“TPDs”) BCI LLC, Superior Pool Plastering Inc., Superior Pool Plastering LLC, Superior
17 Pool Management Inc., Robert C. Altamirano, Barbara Altamirano, and Taylor Stutzman’s
18 Motion for Partial Summary Judgment on Claim for Declaratory Relief (Doc. 44, USA
19 MSJ), accompanied by a Statement of Facts (Docs. 45–46, USA SOF), to which
20 Defendant Beadcrete Pty Limited (“BPL”) filed a Response (Doc. 51, BPL Resp.) and
21 Controverting Statement of Facts (Doc. 52, BPL CSOF), and USA/TPDs filed a Reply
22 (Doc. 54, USA Reply). Also at issue is BPL’s Motion for Summary Judgment (Doc. 47,
23 BPL MSJ) accompanied by a Statement of Facts (Doc. 48, BPL SOF), to which
24 USA/TPDs filed a Response (Doc. 49, USA Resp.) and Controverting Statement of
25 Facts (Doc. 50, USA CSOF), and BPL filed a Reply (Doc. 53, BPL Reply). The Court
26 resolves these Motions without oral argument. *See* LRCiv 7.2(f).

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1 **I. BACKGROUND**

2 Defendant and Third-Party Plaintiff BPL, an Australian company, is the owner of
3 patents related to aggregate material composed of glass beads and similar materials, which
4 is used for swimming pool finishes, and BPL holds registered patents in many nations,
5 including the United States. BPL also owns certain trademarks related to the manufacture,
6 distribution and sale of its products, including the registered trademark BEADCRETE.
7 Beginning in 2001, BPL licensed certain registered patents and trademarks to Plaintiff
8 BUSA, an Arizona company owned by siblings and TPDs Robert and Barbara Altamirano,
9 in exchange for royalty payments by way of a License Agreement and its amendments.
10 BPL alleges that, in 2014, BUSA breached the License Agreement by refusing to pay
11 royalties.

12 The License Agreement directs the parties to resolve disputes first by mediation and
13 then, if unsuccessful, arbitration, as follows:

14 Any dispute regarding this Agreement will be heard by experienced
15 arbitrators in Phoenix, Arizona USA. Arbitration shall be conducted
16 according to the rules of the American Arbitration Association [("AAA")],
17 by a panel of three arbitrators, of which one shall have been nominated by
18 each Party hereto, subject to strike for any reason by the other Party, and the
19 third shall have been jointly agreed upon by the two arbitrators nominated by
 the Parties. The arbitrators shall have the discretion to award reasonable
 attorneys' and experts' fees and costs to the prevailing Party.

20 (BPL SOF ¶ 18; Doc. 11-2 at 44.)

21 The parties entered into private mediation on February 24, 2015, which failed to
22 resolve their initial dispute under the License Agreement. On March 11, 2015, BPL
23 delivered written notice to BUSA of termination of the licenses and a demand that BUSA
24 assign the United States Patent and Trademark Office ("USPTO") registration of its
25 BEADCRETE trademark to BPL. BPL's notice also informed BUSA that it would initiate
26 arbitration under the License Agreement.

27 BUSA then filed suit in this District, claiming ownership of the trademark
28 registration and disputing BPL's ownership of the same. On May 11, 2016, District Judge

1 Roslyn Silver granted BPL's Motion to Dismiss that action, because the License
 2 Agreement compelled the parties to arbitrate their dispute. (Case No. CV-15-01505-PHX-
 3 ROS, Doc. 15.) On June 8, 2016, BUSA appealed Judge Silver's judgment compelling
 4 arbitration to the Ninth Circuit. (Case No. CV-15-01505-PHX-ROS, Doc. 16; 9th Cir. Case
 5 No. 16-16036.)

6 On August 1, 2016, concurrent with filing a notice of appeal, BUSA transferred its
 7 assets and purported intellectual property rights to BCI, an Arizona limited liability
 8 company owned by Robert Altamirano and his daughter, TPD Taylor Stutzman. BUSA
 9 provided no notice to BPL or the Ninth Circuit of this transfer. On September 9, 2016,
 10 BUSA filed a Surrender of Registration with the USPTO for cancellation of its purported
 11 rights in the trademark. The same day, BCI filed an application with the Trademark Trial
 12 and Appeal Board ("TTAB") to transfer the trademark registration from BUSA to BCI.
 13 Nine months later, when BPL learned of BUSA's actions, BPL filed a petition with the
 14 TTAB to oppose BCI's trademark application ("opposition action") on June 2, 2017. The
 15 TTAB initially stayed that action pending the Ninth Circuit's resolution of the appeal.

16 On July 17, 2018, two years after it filed the Notice of Appeal in the Ninth Circuit,
 17 BUSA filed a motion for voluntary dismissal of the appeal. (Case No. CV-15-01505-PHX-
 18 ROS, Doc. 19; 9th Cir. Case No. 16-16036.) As noted above, two years earlier, BUSA had
 19 transferred any rights it had in the trademark at issue in the appeal to BCI.

20 In the TTAB opposition action, BCI and BPL then litigated the TTAB's subject
 21 matter jurisdiction over the dispute for the next eight months. On March 21, 2019, the
 22 TTAB directed BCI and BPL to arbitrate their trademark dispute and suspended the
 23 opposition action until the arbitration concluded. The TTAB ordered the parties to provide
 24 notice that they initiated arbitration by July 19, 2019.

25 On July 15, 2019, BPL's counsel sent an email to counsel for BUSA/BCI
 26 nominating Shawn Aiken as arbitrator. On July 18, 2019, BUSA/BCI objected to BPL's
 27 nominee, demanded a new nominee, and represented, "Thereafter, we will provide the
 28 name of our nominated arbitrator." (BPL SOF ¶ 31.) On July 19, 2019, BPL delivered a

1 “Demand for Arbitration” to counsel for BUSA/BCI. Concurrently, BPL notified the
 2 TTAB of the Demand for Arbitration and moved for continued suspension of the
 3 opposition action until the arbitration was complete.

4 On August 8, 2019, without notifying BPL in advance that it opposed arbitration,
 5 BCI moved the TTAB to dismiss the opposition action on the basis that BPL did not
 6 properly commence arbitration, which motion the TTAB denied.¹ On the same day, BUSA
 7 filed the present lawsuit seeking a declaration from this Court that the Demand for
 8 Arbitration that BPL served on BUSA/BCI has a number of defects under the parties’
 9 License Agreement, including that the Demand for Arbitration does not indicate it was
 10 filed with the AAA, that the administrative filing fee was paid to the AAA, or that the
 11 License Agreement and Judge Silver’s Order were provided to the AAA. BUSA also
 12 complains that BPL added a number of respondents to its Demand for Arbitration who are
 13 not parties to the License Agreement—all of which respondents are now TPDs in this case.
 14 Further, BUSA claims these defects in the Demand for Arbitration constitute a breach of
 15 the License Agreement.

16 In response, BPL filed an Answer, Counterclaim, and Third-Party Complaint. Based
 17 on the facts set forth above, BPL claims that, in 2016, while BUSA’s appeal was pending
 18 at the Ninth Circuit, BUSA’s conveyance of all its assets, including its purported interest
 19 in the trademark BEADCRETE, to its affiliate, BCI, was done without informing BPL or
 20 the Ninth Circuit as a calculated effort on the part of BUSA to avoid BPL’s claim to the
 21 trademark and to allow for the surreptitious cancellation of the trademark registration at
 22 the USPTO and a new trademark application for the BEADCRETE mark by BCI. BPL also
 23 claims that TPDs BCI—owned by Robert Altamirano and Taylor Stutzman—and the
 24 Superior Pool companies—owned by Robert and Barbara Altamirano—are corporate
 25 fictions and that BUSA and the TPDs are alter egos and business conduits of each other.

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 27 ¹ The TTAB also denied BCI’s renewed motion to dismiss the opposition action on
 28 January 7, 2020.

1 Further, BPL claims that, in support of BCI's trademark application to the USPTO, TPD
 2 Robert Altamirano made numerous misrepresentations to the USPTO, including that BCI
 3 has used the mark since 2000—which was 14 years before BCI's formation—and that BPL
 4 does not have superior and exclusive rights to the mark. BPL seeks a declaration of the
 5 arbitration requirements under the License Agreement; that BPL properly demanded
 6 arbitration under the Agreement; that BPL did not waive arbitration; that the TPDs are
 7 proper parties to the arbitration as agents and alter egos of each other and BUSA; that the
 8 Court appoint an arbitration panel; and that the Court compel arbitration.

9 The parties now cross-move for summary judgment.

10 **II. ANALYSIS**

11 To resolve a motion to compel arbitration under the Federal Arbitration Act
 12 (“FAA”), 9 U.S.C. § 1 *et seq.*, a district court must resolve two gateway issues: (1) whether
 13 the parties entered into a valid agreement to arbitrate, and (2) whether the arbitration
 14 agreement encompasses the dispute at issue. *Lifescan, Inc. v. Premier Diabetic Services, Inc.*, 363 F.3d 1010, 1012 (9th Cir. 2004). Where the arbitration agreement is a part of a
 15 more extensive contract between the parties, “the sole question is whether the arbitration
 16 clause at issue is valid and enforceable under § 2 of the [FAA],” and “federal courts may
 17 not address the validity or enforceability of the contract as a whole.” *Ticknor v. Choice*
 18 *Hotels Int'l, Inc.*, 265 F.3d 931, 937 (9th Cir. 2001). The FAA “mandates that federal courts
 19 rigorously enforce agreements to arbitrate.” *Coup v. Scottsdale Plaza Resort, LLC*, 823
 20 F. Supp. 2d 931, 940 (D. Ariz. 2011) (citing *Dean Witter Reynolds Inc. v. Byrd*, 470 U.S.
 21 213, 221 (1985)). “By its terms, the [FAA] leaves no place for the exercise of discretion
 22 by a district court, but instead mandates that district courts *shall* direct the parties to
 23 arbitration on issues as to which an arbitration agreement has been signed.” *Id.* (internal
 24 quotation and citations omitted). “In construing the terms of an arbitration agreement, the
 25 district court applies general state-law principles of contract interpretation, while giving
 26 due regard to federal policy in favor of arbitration by resolving ambiguities as to the scope
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1 of arbitration in favor of arbitration.” *Id.* (quoting *Wagner v. Stratton Oakmont, Inc.*, 83
 2 F.3d 1046, 1049 (9th Cir. 1996)).

3 Under Arizona law, contract interpretation begins with the proposition that, where
 4 a contract’s language is “clear and unambiguous, it must be given effect as it is written.”
 5 *Hadley v. Sw. Props., Inc.*, 570 P.2d 190, 193 (Ariz. 1977). The mere fact that parties
 6 disagree about the meaning of a contract does not make it ambiguous. *J.D. Land Co. v.*
 7 *Killian*, 762 P.2d 124, 212 (Ariz. Ct. App. 1988). When interpreting a contract, “it is
 8 presumed that the parties intended to give the words employed their ordinary meaning.”
 9 *Tucker v. Byler*, 558 P.2d 732, 735 (Ariz. Ct. App. 1976).

10 **A. The Arbitration Agreement and BPL’s Demand for Arbitration**

11 Seven years have passed since the dispute between BPL and BUSA arose triggering
 12 arbitration under the License Agreement. In that time, Judge Silver ordered arbitration
 13 between BPL and BUSA in a prior action in 2016, and the TTAB likewise ordered
 14 arbitration in 2019, albeit between BPL and BCI, which alleges it stepped into BUSA’s
 15 shoes for the purposes of BEADCRETE trademark rights. Notwithstanding the passage of
 16 many years and two orders to arbitrate, in this lawsuit, BUSA/BCI again resist arbitration,
 17 now claiming that BPL’s 2019 Demand for Arbitration did not comply with the terms set
 18 forth in the License Agreement. Specifically, BUSA/BCI argue that the License Agreement
 19 requires that any arbitration will be administered by the AAA and does not contemplate a
 20 private or *ad hoc* arbitration, as BPL proposed in its Demand for Arbitration.

21 Resolution of the parties’ dispute as to the type of arbitration provided for in the
 22 License Agreement turns not only on the language of the License Agreement but also on
 23 the AAA Rules. The plain language of the License Agreement provides that the AAA Rules
 24 will apply to an arbitration between BPL and BUSA, but it does not require that arbitration
 25 be administered by the AAA; rather, it simply requires a panel of “experienced arbitrators
 26 in Phoenix, Arizona.” (BPL SOF ¶ 18; Doc. 11-2 at 44.) In the absence of additional
 27 language, no intent on behalf the parties to have the arbitration administered by the AAA
 28 can be inferred from the language of the License Agreement itself.

1 BUSA/BCI argue that arbitration under the AAA Rules necessarily requires an
 2 arbitration administered by the AAA. Specifically, USA/BCI point to AAA Rule R-2,
 3 which provides:

4 When parties agree to arbitrate under these rules, or when they provide for
 5 arbitration by the AAA and an arbitration is initiated under these rules, they
 6 thereby authorize the AAA to administer the arbitration. *The authority and*
7 duties of the AAA are prescribed in the agreement of the parties and in these
 8 rules, and may be carried out through such of the AAA's representatives as
 9 it may direct. The AAA may in its discretion, assign the administration of an
 arbitration to any of its offices. *Arbitrations administered under these rules*
shall only be administered by the AAA or by an individual or organization
authorized by the AAA to do so.

10 (Doc. 46, AAA Commercial Arbitration Rules and Mediation Procedures, Rule R-2
 11 (emphasis added).)

12 BUSA/BCI focus in particular on the last provision of Rule R-2, that “[a]rbitrations
 13 under these rules shall only be administered by the AAA or by an individual or organization
 14 authorized by the AAA to do so.” But the thrust of Rule R-2 is not that parties are required
 15 to participate in an arbitration administered by the AAA, but rather that the “authority and
 16 duties of the AAA are prescribed in the agreement of the parties” as well as the AAA Rules.
 17 To the extent that the last provision of Rule R-2 can be interpreted as requiring that all
 18 arbitrations following the AAA Rules must be administered by the AAA, as USA/BCI
 19 argue, Rule R-1(a) provides that “[t]he parties, by written agreement, may vary the
 20 procedures set forth in these rules.” Indeed, this is consistent with the provision in Rule R-
 21 that the parties set forth the authority and duties of the AAA in their agreement.²

22 The parties cite no case law interpreting AAA Rule R-2, but the Court’s research
 23 uncovered a good deal of authority from outside this Circuit. In *Prostyokov v. Masco*
 24 *Corporation*, the Seventh Circuit examined whether an arbitrator exceeded his powers in

26 ² Interpreting the AAA Rules as USA/BCI urge would mean that all AAA-Rule-based
 27 arbitrations would be administered by the AAA. But BPL represents, and the case law
 28 demonstrates, that there are “countless *ad hoc* arbitrations applying AAA Rules.” (BPL
 MSJ at 11.)

1 formulating an arbitration award. 513 F.3d 716, 723–24 (7th Cir. 2008). That case
 2 presented somewhat the contrary of the issue in this case—that is, whether an agreement
 3 that provided for a private arbitration under the AAA Rules properly involved the
 4 participation of an AAA-affiliated arbitrator. *Id.* The court concluded that just because the
 5 parties’ agreement specified a private arbitration under the AAA Rules did not mean that
 6 an AAA-affiliated arbitrator could not participate, and indeed Rule R-2 specifies that when
 7 parties agree to arbitrate under the AAA Rules, they *authorize* AAA administration. *Id.* at
 8 724. But, while authorized, AAA administration is not *required* for an AAA-Rule-based
 9 arbitration. *Prostyakov* demonstrates one of the many instances in which a private
 10 arbitration is held under the AAA Rules. *See also Taboada A. v. AmFirst Ins. Co.*, 2019
 11 WL 3604613, at *5 (S.D. Miss. Aug. 6, 2019) (“Most courts considering the issue also hold
 12 that Rule R-2 of the AAA’s Commercial Arbitration Rules merely ‘authorizes’ the AAA
 13 to administer the arbitration and does not require administration exclusively *by the AAA*.”);
 14 *Meskill v. GGNSC Stillwater Greeley LLC*, 862 F. Supp. 2d 966, 973 (D. Minn. 2012)
 15 (concluding the arbitration agreement “selected only the [AAA Rules] to be applied in the
 16 event of an arbitration, not the arbitral forum that would conduct the arbitration” (internal
 17 quotations and citation omitted)); *Dean v. Heritage Healthcare of Ridgeway, LLC*, 759
 18 S.E.2d 727, 735 (S.C. 2014) (“Further, had the parties truly intended that the AAA serve
 19 as the exclusive arbitral forum, they could have easily said so, with ‘no need for them to
 20 do so obliquely by specifying that the arbitration must be conducted’ in accordance with
 21 the AAA’s rules.” (quoting *Meskill*, 862 F. Supp. 2d at 973)).

22 Here, the License Agreement only provides that “arbitration shall be conducted
 23 according to the rules of the American Arbitration Association,” but makes no mention of
 24 AAA administration—and indeed specifies only that the arbitration is to be administered
 25 by a panel of three experienced arbitrators. AAA Rule R-2 does not preempt the parties’
 26 agreement for a private arbitration, as BUSA/BCI argue, but instead explicitly permits the
 27 parties to prescribe or limit the authority of the AAA. Moreover, Rule R-1(a) permits the
 28 parties to enter into an agreement to vary the procedures set forth in the AAA Rules as

1 desired. According to the terms of the License Agreement, which the Court must enforce,
 2 the parties agreed to a private arbitration conducted under the AAA Rules. As a result, the
 3 Court finds no fault with BPL’s Demand for Arbitration, which suggested as much, or with
 4 BPL’s “failure” to file the Demand for Arbitration with the AAA or pay the AAA filing
 5 fee; such actions would only be required in an AAA-administered arbitration.

6 **B. Waiver**

7 BUSA/BCI also argue that BPL waived its right to arbitration by failing to send to
 8 BUSA a Demand for Arbitration while BUSA’s appeal opposing Judge Silver’s decision
 9 compelling arbitration was pending in the Ninth Circuit or while BCI and BPL were
 10 litigating BCI’s trademark claim before the TTAB. “Waiver of a contractual right to
 11 arbitration is not favored,” and a party seeking to demonstrate waiver must show
 12 “(1) knowledge of an existing right to compel arbitration; (2) acts inconsistent with that
 13 existing right; and (3) prejudice to the party opposing arbitration resulting from such
 14 inconsistent acts.” *Fisher v. A.G. Becker Paribas Inc.*, 791 F.2d 691, 694 (9th Cir. 1986).

15 None of the acts BUSA/BCI identify were inconsistent with BPL’s right to arbitrate
 16 the parties’ dispute under the License Agreement. Indeed, to the extent there were acts
 17 disruptive to the arbitration of the parties’ dispute, they were acts of BUSA/BCI. It was
 18 BUSA that appealed Judge Silver’s order compelling arbitration, and BPL was compelled
 19 to oppose the appeal. Moreover, it was BUSA that surreptitiously transferred its purported
 20 rights in the BEADCRETE trademark to BCI and initiated registration proceedings at the
 21 USPTO and TTAB; BPL was again compelled to oppose BCI’s application. BUSA/BCI
 22 cannot now benefit from their own actions seeking to avoid arbitration and the ultimate
 23 resolution of the parties’ dispute by way of an application of the waiver doctrine against
 24 BPL.

25 **C. Third Party Defendants**

26 In its Motion for Summary Judgment, BPL also requests that the Court compel the
 27 TPDs—BCI, the Superior Pool companies, Robert and Barbara Altamirano, and Taylor
 28 Stutzman—to arbitrate the BEADCRETE trademark dispute under the terms of the License

1 Agreement between BPL and BUSA. Aside from opposing arbitration generally, BUSA
 2 and the TPDs oppose BPL’s effort to bring the TPDs into arbitration because they were not
 3 signatories to the License Agreement.

4 To begin with, the Court, not the arbitrators, must determine whether BPL and the
 5 TPDs shall arbitrate the BEADCRETE trademark dispute under the License Agreement.
 6 In a contract, the parties can agree to delegate to an arbitrator any question as to the
 7 enforceability of an arbitration agreement, and thus the question of arbitrability itself can
 8 be arbitrated. *Rent-A-Center, West, Inc. v. Jackson*, 561 U.S. 63, 68–69 (2010) (“The
 9 delegation provision is an agreement to arbitrate threshold issues concerning the arbitration
 10 agreement. We have recognized that parties can agree to arbitrate ‘gateway’ questions of
 11 ‘arbitrability,’ such as whether the parties have agreed to arbitrate or whether their
 12 agreement covers a particular controversy.”) As a matter of contract law, delegation of
 13 arbitrability to an arbitrator must be clear and unmistakable. *First Options of Chicago, Inc.*
 14 *v. Kaplan*, 514 U.S. 938, 944 (1995); *AT&T Techs. v. Commc’ns Workers of Am.*, 475 U.S.
 15 643, 649 (1986); *Momot v. Mastro*, 652 F.3d 982, 988 (9th Cir. 2011). The Ninth Circuit
 16 has explicitly held that “incorporation of the AAA rules [in an arbitration agreement]
 17 constitutes clear and unmistakable evidence that contracting parties agreed to arbitrate
 18 arbitrability.” *Brennan v. Opus Bank*, 796 F.3d 1125, 1130 (9th Cir. 2015). This is in part
 19 because the AAA rules include a provision that the “arbitrator shall have the power to rule
 20 on his or her own jurisdiction, including any objections with respect to the . . . validity of
 21 the arbitration agreement.” *Id.*

22 But the question here—whether nonsignatories to the arbitration agreement can be
 23 compelled to arbitrate—concerns not just the gateway questions of whether there is an
 24 arbitration agreement between the parties and the agreement covers the underlying
 25 controversy, but whether the nonsignatories can be considered parties to the arbitration
 26 agreement at all. Because this question is more than one of arbitrability, the Court must
 27 resolve it, not the arbitrators. *See Chastain v. Union Sec. Life Ins. Co.*, 502 F. Supp. 2d
 28 1072, 1076 (C.D. Cal. 2007); *cf. Shikov v. Artex Sols., Inc.*, 974 F.3d 1051, 1066–67 (9th

1 Cir. 2020) (concluding the court, not the arbitrators, are to determine availability of class
 2 arbitration where it is uncertain if class members are parties to arbitration agreements).

3 The parties agree that “nonsignatories of arbitration agreements may be bound by
 4 the agreement under ordinary contract and agency principles.” *Letizia v. Prudential Bache*
 5 *Secs., Inc.*, 802 F.2d 1185, 1187–88 (9th Cir. 1986). “Among these principles are
 6 1) incorporation by reference; 2) assumption; 3) agency; 4) veil-piercing/alter ego;
 7 5) estoppel.” *Comer v. Micor, Inc.*, 436 F.3d 1098, 1101 (9th Cir. 2006). Although state
 8 law “determines questions concerning the validity, revocability, or enforceability of
 9 contracts generally,” the question of whether a nonsignatory is bound by an arbitration
 10 agreement is resolved under the “federal substantive law of arbitrability.” *Int'l Paper Co.*
 11 *v. Schwabedissen Maschinen & Anlagen GmbH*, 206 F.3d 411, 416–17 & n.4 (4th Cir.
 12 2000) (internal quotations omitted).

13 With regard to arguments for or against the application of the specific contract and
 14 agency principles leading to the conclusion that the TPDs are or are not compelled to
 15 arbitrate under the License Agreement, BPL contends the evidence is sufficient for all five
 16 principles to apply, and BUSA summarily argues that none of the principles apply. The
 17 Court will examine certain principles applied to the individual TPDs in turn.

18 Under principles of equitable estoppel, BCI is a proper party to arbitration under the
 19 License Agreement. “Equitable estoppel precludes a party from claiming the benefits of a
 20 contract while simultaneously attempting to avoid the burdens that contract imposes.”
 21 *Comer*, 436 F.3d at 1101 (internal quotations omitted). Nonsignatories can be “held to
 22 arbitration clauses where the nonsignatory knowingly exploits the agreement containing
 23 the arbitration clause despite having never signed the agreement.” *Id.* (internal quotations
 24 omitted). Here, as BPL points out, it is undisputed that BCI claimed to the TTAB that it is
 25 the successor-in-interest to BUSA’s rights in the BEADCRETE mark—which rights arose
 26 from the License Agreement—and even claimed to the TTAB the right to arbitrate its
 27 alleged trademark rights under the License Agreement. BCI, as BUSA’s successor, cannot
 28 simultaneously seek rights arising from the License Agreement and now try to avoid the

1 obligation to arbitrate that the License Agreement imposes.³ Accordingly, the Court will
 2 compel BCI to arbitrate the BEADCRETE trademark dispute with BPL and BUSA under
 3 the License Agreement. *See Int'l Paper Co.*, 206 F.3d at 418; *Petersen v. EMC Telecom*
 4 *Corp.*, 2010 WL 2490002, at *5 (D. Ariz. June 16, 2010). Considering that BUSA already
 5 constructively evaded Judge Silver's Order compelling arbitration by transferring its
 6 purported trademark rights to BCI, the Court also declares that any other assignees of
 7 BUSA/BCI's trademark rights—present or future—will be compelled to arbitrate rights in
 8 the BEADCRETE trademark with BPL under the License Agreement.

9 As for the TPD Superior Pool companies, it is undisputed that Superior Pool
 10 Plastering, Inc., and Superior Pool Plastering, LLC are defunct as of 1996 and 2016,
 11 respectively. (E.g., BPL SOF ¶ 11.) The Court will not compel to arbitration parties that
 12 no longer exist. BPL does provide evidence that BUSA was doing business as Superior
 13 Pool Plastering, and using the BEADCRETE trademark, at some point in the last decade
 14 or so. (Doc. 11-1 at 2–6.) But the evidence does not tie the remaining company, Superior
 15 Pool Management, Inc., to “Superior Pool Plastering” or the use of the BEADCRETE
 16 trademark. The Court cannot assume, without more, that Superior Pool Management, Inc.
 17 is an agent of BUSA, or that they were alter egos of one another, such that Superior Pool
 18 Management should be compelled to arbitrate under the License Agreement. Thus, the
 19 Court will deny BPL's motion as it pertains to the Superior Pool companies.

20 Robert Altamirano owns BUSA together with his sister, Barbara Altamirano, and
 21 he owns BCI together with his daughter, Taylor Stutzman. BPL first argues that these
 22 individuals should be compelled to arbitrate under the principles of alter ego and piercing
 23 the corporate veil. In support, BPL relies on the facts that these individuals own and control
 24 the entities and share the same counsel and address with the entities. BPL also argues that
 25 BUSA is undercapitalized and that these individuals aided the alleged fraudulent transfer
 26 of BUSA's assets to BCI to continue to benefit from the use of the BEADCRETE
 27 trademark. Beyond BPL's allegations, the evidence supporting these principles is lacking.

28 ³ Indeed, arbitration under the License Agreement is both a benefit BCI sought before the
 TTAB, and now a burden BCI is trying to avoid before this Court.

1 BPL has not produced sufficient evidence of undercapitalization, intermingling of funds
 2 between the entities and the individuals, or other undisputed evidence sufficiently
 3 probative for the Court to find that the corporate veil has been pierced.⁴

4 BPL also argues that its trademark claims implicate the individual TPDs because
 5 “company officers and directors may be personally liable for torts—including trademark
 6 infringement—they authorized, directed, or contributed to.” (BPL Reply at 6.) But whether
 7 the individual TPDs may be liable in tort is a different question than whether the individual
 8 TPDs, as nonsignatories to the arbitration agreement, are bound by the agreement under
 9 contract and agency principles. Individual tort liability, even if found, does not by itself
 10 bind the individual TPDs to the arbitration agreement to which they are not individual
 11 signatories. For these reasons, the Court will deny BPL’s request for an order compelling
 12 the individual TPDs to arbitrate.

13 **D. Appointment of Arbitration Panel**

14 Under 28 U.S.C. § 2202 and A.R.S. § 12-1503, BPL next asks the Court to choose
 15 “an arbitration panel of three qualified arbitrators with significant experience
 16 adjudicating/arbitrating contract and intellectual property disputes to administer and decide
 17 the claims alleged under the Demand for Arbitration.” (BPL MSJ at 15.) BUSA/BCI make
 18 no argument in response.

19 As part of the Declaratory Judgment Act, 28 U.S.C. § 2202 states that the court may
 20 grant “[f]urther and proper relief based on a declaratory judgment . . . after reasonable
 21 notice and hearing, against any adverse party whose rights have been determined by such
 22 judgment.” The Arizona statute—to the extent it applies in this instance—states:

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 24
 25 ⁴ To the extent BPL argues—albeit obliquely—that the other contract and agency
 26 principles apply to the individual TPDs, they are equally unavailing in view of the evidence
 27 BPL has proffered. The Court notes that the principles of agency only apply when “a
 28 signatory has brought claims against non-signatory agents and the agents then seek to
 invoke the arbitration clause against the signatory”—the contrary of the present case.
Petersen, 2010 WL 2490002, at *4 (internal quotations omitted). This stems from the basic
 principle of contract law that “an agent of a disclosed principal, even one who negotiates
 and signs a contract for her principal, does not become a party to the contract.” *Id.* (internal
 quotations omitted).

If the arbitration agreement provides a method of appointment of arbitrators, this method shall be followed. In the absence thereof, or if the agreed method fails or for any reason cannot be followed, . . . the court on application of a party shall appoint one or more arbitrators. An arbitrator so appointed has all the powers of one specifically named in the agreement.

A.R.S. § 12-1503.

Considering that the parties have only informed the Court that they disagreed as to the method of arbitration—that is, whether arbitration is to be administered by the AAA or privately—but not their ability to select or agree on arbitrators under the License Agreement, the Court will give the parties the opportunity to select arbitrators and commence arbitration under the terms of the License Agreement. Should they fail, a party may move the Court for selection of arbitrators or other relief supported by the law.

E. Attorneys' Fees

BPL asks the Court to award it attorneys' fees and costs under ¶ 13.2 of the License Agreement and A.R.S. § 12-349(A). (BPL MSJ at 15.) Paragraph 13.2 of the License Agreement provides that “[t]he *arbitrators* shall have the discretion to award reasonable attorneys' fees and experts' fees and costs to the prevailing Party.” (BPL SOF ¶ 18; Doc. 11-2 at 44 (emphasis added).) To the extent BPL is entitled to seek an order from the Court for attorneys' fees and costs beyond those accounted for in the License Agreement, BPL may file an application for attorneys' fees under the applicable Federal Rules of Civil Procedure and Local Rules.

F. Stay

Under § 3 of the FAA, “the Court is required to stay proceedings pending arbitration if the Court determines that the issues involved are referable to arbitration under a written arbitration agreement.” *Meritage Homes Corp. v. Hancock*, 522 F. Supp. 2d 1203, 1211 (D. Ariz. 2007); *see also AT&T Mobility, LLC v. Concepcion*, 563 U.S. 333, 344 (2011) (stating the FAA requires courts to stay litigation of claims subject to arbitration pending the outcome of the arbitration of those claims under the terms of the arbitration agreement). In its discretion, the Court will stay this action pending the results of the arbitration.

1 **IT IS THEREFORE ORDERED** denying Plaintiff Beadcrete USA Inc.’s and
2 Third-Party Defendants BCI LLC, Superior Pool Plastering Inc., Superior Pool Plastering
3 LLC, Superior Pool Management Inc., Robert C. Altamirano, Barbara Altamirano, and
4 Taylor Stutzman’s Motion for Partial Summary Judgment on Claim for Declaratory Relief
5 (Doc. 44).

6 **IT IS FURTHER ORDERED** granting in part and denying in part Defendant
7 Beadcrete Pty Limited's Motion for Summary Judgment (Doc. 47).

8 **IT IS FURTHER ORDERED** compelling Beadcrete USA Inc. (BUSA), BCI LLC,
9 and Beadcrete Pty Limited (BPL) to complete arbitration under BPL's Demand for
10 Arbitration as soon as is practicable, and in any event within eight months of the date of
11 this Order. Pursuant to the terms of the License Agreement, the arbitration will be a private
12 arbitration conducted by three experienced arbitrators in Phoenix, Arizona, under the rules
13 of the American Arbitration Association (AAA), and not an institutional arbitration
14 administered by the AAA. The Court also declares that any other assignees of BUSA/BCI's
15 purported trademark rights—present or future—will be compelled to arbitrate rights in the
16 BEADCRETE trademark with BPL under the License Agreement.

17 **IT IS FURTHER ORDERED** denying BPL's request for the Court to appoint the
18 arbitration panel, with leave to refile if necessary. The parties to arbitration—BPL on one
19 side and BUSA/BCI on the other—shall agree on the panel of three qualified arbitrators
20 under the terms of the License Agreement within 14 days of the date of this Order.

21 **IT IS FURTHER ORDERED** that the parties shall file a joint status report eight
22 months from the date of this Order or within one week of an arbitration award, whichever
23 is sooner.

24 **IT IS FURTHER ORDERED** staying this action pending the results of the parties'
25 arbitration.

26 || Dated this 25th day of February, 2022.

ry, 2022.

Honorable John J. Tuchi
United States District Judge